Labour Market Notes

Employment inches up in October

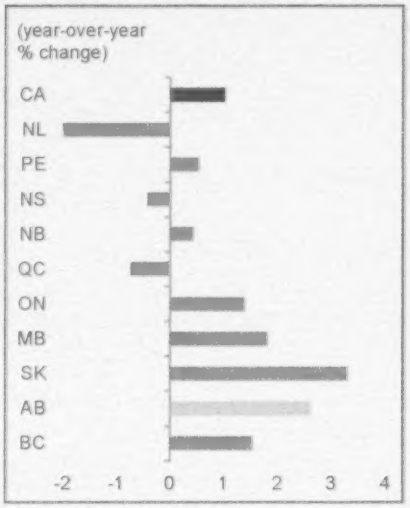
Alberta

- Employment edges higher. Alberta employment grew by a modest 3,300 in October, building on September's spike of 21,200 jobs.
- Gains were in full-time employment. Alberta gained 11,800 full-time jobs in October but lost 8,500 part-time jobs. Public sector employment increased by 7,200 and self-employment increased by 6,100 jobs, while the private sector (-10,100) shed jobs.
- Alberta continues to lead provinces in job growth. Alberta has added 68,000 jobs over the first 10 months of 2014 compared with the same period last year. Alberta's year-to-date job growth of 3.1% far exceeds the job growth in the other provinces.
- Unemployment rate rises slightly. Alberta's unemployment rate increased by 0.1 percentage points to 4.5% in October as more people entered the labour force than jobs created. The rate remains the second lowest among the provinces behind Saskatchewan (3.5%).
- Service-producing industry builds on last month's gains. Service-producing industries added 19,800 jobs in October, with increases in accommodation and food services (+10,500) and public administration (+4,700) mainly responsible for the monthly gain. Agriculture also gained jobs (+12,100), but the goods-producing sector fell overall (-16,500), mainly due to declines in forestry, fishing, mining, oil and gas industry (-23,800).
- Earnings maintains its strength. Average weekly earnings (AWE) rose to $1,165 in August, a 5.1% year-over-year (y/y) increase. Robust earnings growth in the goods-producing industries (6.2% y/y) has been mostly propelled by the mining, oil and gas extraction (+12.3% y/y) industry, with utilities (+13.0% y/y) also adding to growth this month. The service-producing industries have saw more moderate AWE growth of 4.0% y/y.

Canada

- Employment stays strong. In October, Canadian employment (+43,100) increased briskly for the second straight month. The employment gains were broad-based, with seven provinces posting job growth. Ontario (+37,000) and Manitoba (+8,000) led provincial gains while Quebec (-14,200), New Brunswick (-2,300) and Newfoundland and Labrador (-700) posted losses. Over the past 12 months, Canada has added 181,800 jobs, an increase of 1.0% y/y.
- Unemployment rate drops. The Canadian unemployment rate fell by 0.3 percentage points to 6.5% in October. This is the lowest rate since November 2008.
- A solid month for earnings. Canadian average weekly earnings were $943 in August, 3.5% higher than August 2013.

Employment Growth by Province, October 2014 vs. October 2013



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,293,700
month-over-month change	3,300
year-over-year % change	2.6%
Alberta Unemployment Rate (UR)	4.5%
Edmonton UR**	5.4%
Calgary UR**	4.6%
Participation Rate	72.6%
Average Weekly Earnings (AWE)	$1,164.88
year-over-year % change	5.1%
Average Hourly Wage	$28.26
year-over-year % change	0.6%
Job Vacancy Rate**	2.4%

Source: Statistics Canada

* All data is from the Labour Force Survey for October except AWE, which is from the August Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate is for July.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

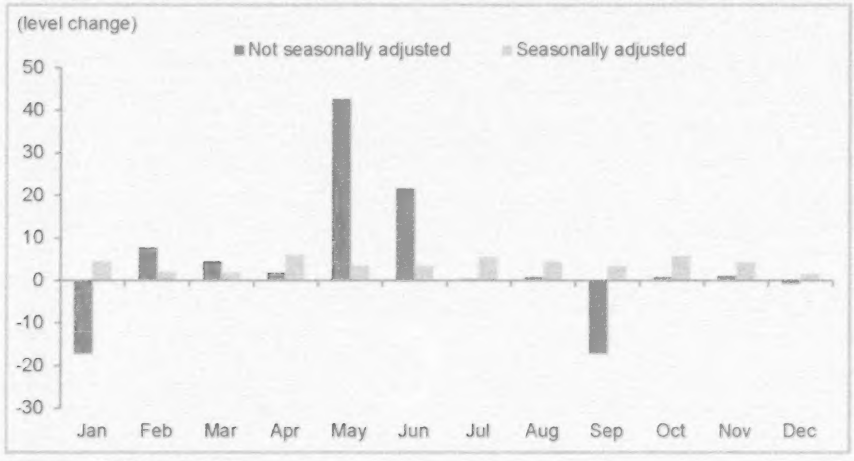
Seasons change and so does employment

A lot changes with the seasons, including data, so it is no wonder that sometimes the effect of seasonal changes masks underlying trends. This is why data are sometimes reported as seasonally adjusted, like the Labour Force Survey (LFS) employment numbers. This month's Labour InSight explores seasonality in the LFS employment data.

Why remove seasonal effects?

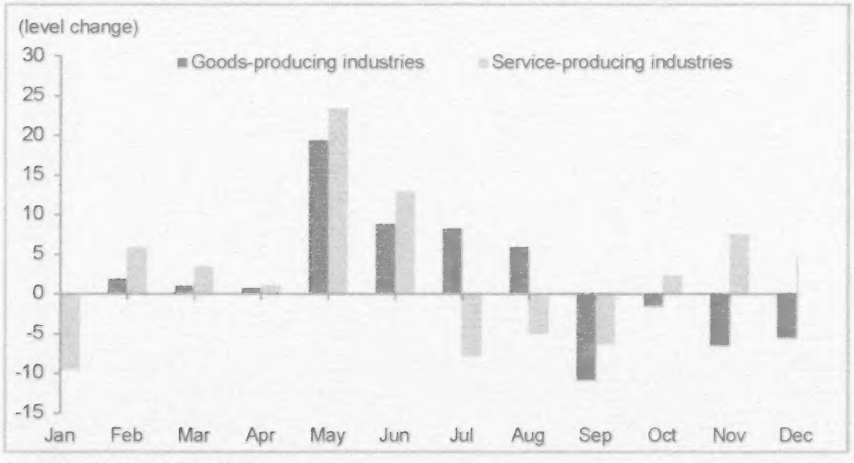
Seasonal effects are regular movements that occur on a yearly basis. They could be related to weather patterns (when the weather warms, construction ramps up), or calendar days (increasing shopping leading up to Christmas). Extracting the seasonal fluctuations in data allows for analysis that does not contain "seasonal noise". It leaves a dataset with only trend, business cycle and other non-seasonal components that provide a deeper analysis.

Chart 1: Strong seasonality occurs in January, May, June and September
Average month-over-month change in Alberta's employment level (1993-2013)



Source: Statistics Canada

Chart 2: Seasonal effects vary by industry
Average month-over-month change in Alberta's employment level (1993-2013)



Source: Statistics Canada

Weather permitting

The unadjusted LFS employment data for Alberta has some strong seasonal spikes (May and June) and drops (September and January), especially when compared to the adjusted data (Chart 1). The spikes in May and June suggest that this is likely a weather effect. The goods-producing industries seem to be affected more by the weather than the service-producing industries, as employment changes are highest during the summer months and are negative during the winter months (Chart 2). Construction, agriculture, and forestry, fishing, mining, quarrying, and oil and gas all start to take-off starting in May when the weather starts warming, and cool off with the weather as winter approaches.

It's that time of the year

It is not just weather that causes seasonal fluctuations in employment. Holidays and other calendar events can also have an influence, especially on service sector jobs. This is most apparent with the added employment leading up to Christmas and the subsequent drop in January. The summer break also causes variations. In the educational services industry, there is a steep decline in July and a spike in September when schools start up again. The same calendar effect occurs with the accommodation and food services industry and the information, culture and recreation industry. Both spike when school ends, July for high school and May for university, and drops when students are back to school in September.

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